
A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAIIAN ELECTRIC COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, AND HAWAII ELECTRIC LIGHT COMPANY, INC.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds, in the interest of
3 maximizing the benefits from bonds issued pursuant to part VI,
4 chapter 39A, Hawaii Revised Statutes, that consumer transparency
5 and disclosure of information related to electric utility rates
6 and charges in conjunction with such bonds are in the public
7 interest.

8 To promote public trust in electric utilities that receive
9 financing assistance through special purpose revenue bonds, and
10 thus promote the timely repayment of such bonds, customer
11 utility bills should be unbundled to provide improved
12 transparency and clarity on the rates and charges paid by
13 customers. This objective can be accomplished by providing
14 insight into how much of each electric bill goes toward fuel
15 costs, transmission and distribution, renewable energy, utility
16 management and profit, and other energy services and fees. Such



1 an accounting on the bill would reduce customer confusion and
2 provide customers with a more accurate representation of the
3 costs and values that they are receiving from electric
4 utilities. Such transparency will also help the electric
5 utilities, customers, and other energy service providers
6 understand their roles in the transition to a new energy
7 paradigm.

8 SECTION 2. Chapter 39A, Hawaii Revised Statutes, is
9 amended by adding a new section to part VI to be appropriately
10 designated and to read as follows:

11 **"§39A- Electric utilities; unbundling electric rates**
12 **and charges.** (a) To be eligible to receive financing
13 assistance through special purpose revenue bonds issued pursuant
14 to this part, an electric utility shall unbundle customer rates
15 and charges in a manner approved by the public utilities
16 commission. No later than July 1, 2016, each electric utility
17 that receives or seeks to receive financing assistance through
18 special purpose revenue bonds shall file an application with the
19 commission to unbundle its existing rate schedules.

20 (b) Unbundled customer bills shall separately identify and
21 charge for each discrete service and fee on customer bills, in a



1 manner that is accessible to and understandable for the relevant
2 customers.

3 (c) The application to unbundle a rate schedule shall
4 establish a manner of billing customers for the following non-
5 exhaustive list of services and fees to be separately identified
6 and charged on customer bills:

7 (1) Fossil fuel costs and cost per kilowatt-hour for
8 electricity generation, including costs incurred by
9 the electric utility and by independent power
10 producers providing electricity to the electric
11 utility and any applicable carbon tax or environmental
12 response, energy, and food security tax;

13 (2) Fossil fuel powerplant operations and maintenance cost
14 and cost per kilowatt-hour, including costs incurred
15 by the electric utility and by independent power
16 producers providing electricity to the electric
17 utility;

18 (3) Renewable energy cost and cost per kilowatt-hour,
19 including costs incurred by the electric utility and
20 by independent power producers providing renewable
21 electricity to the electric utility;



- 1 (4) Electricity transmission and distribution costs;
- 2 (5) Grid reliability costs, other than costs for
- 3 operations and maintenance for electricity
- 4 transmission and distribution;
- 5 (6) Customer service, billing, and metering costs;
- 6 (7) Electric utility profits;
- 7 (8) Other taxes;
- 8 (9) Other required fees; and
- 9 (10) Any other energy service or expense deemed appropriate
- 10 by the public utilities commission for consumer
- 11 transparency."

PART II

13 SECTION 3. The legislature finds and declares that the
14 issuance of special purpose revenue bonds under this Act is in
15 the public interest and for the public health, safety, and
16 general welfare.

17 SECTION 4. Pursuant to part VI, chapter 39A, Hawaii
18 Revised Statutes, the department of budget and finance, with the
19 approval of the governor, is authorized to issue special purpose
20 revenue bonds in a total amount not to exceed \$, in one
21 or more series, for the purpose of assisting Hawaiian Electric



1 Company, Inc., Maui Electric Company, Limited, and Hawaii
 2 Electric Light Company, Inc., all Hawaii corporations, to
 3 continue multi-project capital improvement programs, including
 4 costs to cover the acquisition of land or the construction or
 5 acquisition of facilities used or related to the production,
 6 transmission, or distribution of electricity, or any combination
 7 thereof; provided that the approval of the public utilities
 8 commission shall be required for any project financed by the
 9 issuance of special purpose revenue bonds under this Act. The
 10 special purpose revenue bonds shall be issued for the
 11 aforementioned purposes in the following distribution:

- 12 (1) Up to \$ for Hawaiian Electric Company, Inc.;
- 13 (2) Up to \$ for Maui Electric Company, Limited;
- 14 and
- 15 (3) Up to \$ for Hawaii Electric Light Company,
- 16 Inc.

17 The legislature hereby finds and determines that the capital
 18 improvement projects and programs of Hawaiian Electric Company,
 19 Inc., Maui Electric Company, Limited, and Hawaii Electric Light
 20 Company, Inc., constitute energy projects as defined in part VI,
 21 chapter 39A, Hawaii Revised Statutes, and the financing thereof



1 constitutes assistance to utilities serving the general public
2 in providing electric energy.

3 SECTION 5. The special purpose revenue bonds and the
4 refunding special purpose revenue bonds issued under this Act
5 shall be issued pursuant to part VI, chapter 39A, Hawaii Revised
6 Statutes, relating to the power to issue special purpose revenue
7 bonds to assist utilities serving the general public in
8 providing electric energy.

9 SECTION 6. The department of budget and finance is
10 authorized, from time to time, including times subsequent to
11 June 30, , to issue special purpose revenue bonds in whatever
12 principal amounts the department shall determine to be necessary
13 to refund the special purpose revenue bonds authorized in
14 section 4 and to refund special purpose revenue bonds authorized
15 in this section, regardless of whether the outstanding special
16 purpose revenue bonds or refunding special purpose revenue bonds
17 have matured or are the subject of redemption or whether the
18 refunding special purpose revenue bonds shall be bonds for the
19 multi-project programs described in section 4. In making this
20 determination, the department shall comply with federal law



1 relating to the exemption from federal income taxation of the
2 interest on bonds of the nature authorized by this section.

3 SECTION 7. The authorization to issue special purpose
4 revenue bonds under this Act shall lapse on June 30, .

5 PART III

6 SECTION 8. New statutory material is underscored.

7 SECTION 9. This Act shall take effect on July 1, 2015.



Report Title:

Special Purpose Revenue Bonds; Electric Utilities; HECO

Description:

Authorizes the issuance of special purpose revenue bonds to assist Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc. Requires electric utilities to unbundle customer rates and charges to be eligible to receive financing assistance through SPRBs. (SB1214 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

